

13 May 2021

Perenti operational update

Summary

- Over \$700 million of contract awards announced since 31 December 2020 and expanded the growth pipeline by 20%
- Continued strategic expansion into the North American underground market
- Successfully completed the transition from Yanfolila and Boungou, having now released circa \$87 million of cash from these projects
- COVID-19 continues to impact our operations, particularly our international projects
- Ongoing tightening of the Australian labour market is impacting business margins
- Strengthening Australian dollar negatively impacting foreign operations' financial performance
- Outlook for second half FY21 earnings to be softer than first half FY21 due to combined impact of COVID-19, Australian labour market and stronger Australian dollar
- Headwinds associated with COVID-19 and labour market expected to continue for the next 12 to 18 months resulting in a softening outlook for FY22

Perenti Global Limited ('Perenti' or 'the Company') (ASX: PRN) Managing Director and CEO, Mark Norwell said, the Company continues to focus on the delivery of its 2025 Strategy while facing some challenging headwinds, including the prolonged and increased impact of COVID-19, the tightening Australian labour market and strengthening Australian dollar.

"Perenti has achieved a number of significant milestones in recent months and we continue to deliver on our 2025 Strategy. While I am pleased with our achievements during the third quarter, it is unfortunate that these positive catalysts have coincided with the continuation of a challenging backdrop that includes the persistence of, and in some cases, worsening of COVID-19 impacts, the emergence of upwards wage pressure in the Australian labour market and further strengthening of the Australian dollar. We have done well to manage the controllable aspects of the business however the cumulative impact and forecast persistence of the current headwinds has resulted in a softening of the outlook for FY21 and FY22."

We are also confident that we will continue to manage the acute impacts of the current challenges to deliver on our growth aspirations while providing consistent, high quality operational performance and generate long term value for Perenti shareholders." Mr Norwell said.

Growth

Since 31 December 2020, Perenti has announced over \$700 million of contract awards and a further \$320 million related to Letters of Intent ("LOI"). Significantly, the LOI for works at Red Chris in Canada

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Perenti Global Limited ABN 95 009 211 474 (ASX: PRN) (**Perenti**)

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Perenti is a diversified global mining services group with businesses in surface mining, underground mining and mining support services. The Group was founded in Kalgoorlie in 1987 and is today one of the world's largest companies providing surface and underground mining at scale. Headquartered in Australia, Perenti has operations and offices in 13 countries across four continents, employs around 8,000 mining professionals and is creating enduring value and certainty for clients on some of the world's largest mining projects.

illustrates the North American market is receptive to Perenti's differentiated underground service offering and supports the Group's continued focus on this key pillar of strategic growth.

Furthermore, Perenti increased the growth pipeline by more than 20% with most of this pipeline now related to underground gold and nickel opportunities in Australia and North America. The Company is working to convert these growth opportunities into work in hand.

COVID-19 Impacts

The health and well-being of our employees is paramount and in partnership with our clients, governments, and support providers, we continue to navigate the COVID-19 pandemic and manage the logistical complexities of our international operations.

As announced during the first half FY21 results, to date the direct cost of travel management and quarantining have often been recoverable from clients, however the productivity impacts on our international underground operations flow from longer rosters, the need for quarantining, travel restrictions on our senior management and operational interruptions due to virus outbreaks.

Australian Labour Market

In Australia during the third quarter of FY21, it has become apparent that demand for domestic labour has increased. This is resulting in higher turnover and wage growth, which is affecting margins.

We continue to develop and deploy specific initiatives with the aim of maintaining a high-quality team. Notwithstanding these labour market challenges, we are confident that Perenti and our employee value proposition positions us well to source and maintain appropriate personnel levels to deliver on our current and potential future contract requirements.

Strengthening Australian Dollar

Revenues and operating margins for the second half of FY21 were expected to be consistent with those achieved in the first half of FY21, at a forecast AUD:USD exchange rate of 0.76. During the period to date, the Australian dollar strengthened to an average daily rate of over 0.77. All else being equal, at the end of March 2021 and given the increased proportion of forecast US denominated earnings, a 1c fluctuation in the forecast exchange rate is expected to have an approximate \$1.4 million EBIT impact on an annualised basis.

Underground Business

The combined impact and of persistence of COVID-19, the tightening Australian labour market and the strengthening Australian dollar has softened the outlook for underground contributions of revenue and earnings in the second half of FY21.

Surface Business

As announced on 9 April 2021, Perenti has successfully exited the Yanfolila and Boungou projects. The African surface business risk profile has improved significantly and now represents an opportunity for

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Perenti. Pleasingly, the African surface business is performing to expectations. The outlook for revenue and earnings contributions from our surface business in the second half of FY21 remains unchanged with some slight upside potential compared to the first half of FY21.

Positively and subsequent to the announcement on 9 April 2021, Perenti has received an additional circa \$7 million of payments in relation to the finalisation of the Boungou project, bringing the total cash received from the sale of assets related to the Boungou and Yanfolila projects to circa \$87 million. These funds will be redeployed across the business into value accretive growth opportunities.

Investments Business

The Investments businesses are performing similarly to the first half of FY21, albeit the recovery of BTP is progressing slower than expected, with both BTP and MinAnalytical being impacted by the labour market. As such, the outlook for revenue and earnings contribution in the second half of FY21 remains broadly unchanged and similar to that of the first half of FY21.

Group Outlook

As announced on 23 February, we had expected revenue and operating margins in the second half of FY21 to be consistent with results reported in first half of FY21. We have revised our outlook and now expect revenue and operating earnings for the second half of FY21 to be softer when compared to the first half of FY21.

We expect the current challenges, COVID-19 and emerging Australian labour market conditions, to continue beyond the end of FY21 and into FY22, therefore Perenti expects that the realisation of expected revenue and earnings growth in FY22 will be delayed.

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